



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

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MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS
DIRECTOR, ADVISORY, INSOLVENCY AND QUALITY

FROM: Frederick W. Schindler /s/ Frederick W. Schindler
Director, Collection Policy

SUBJECT: Interim Guidance for Reviews of Lien Determinations

The purpose of this memorandum is to issue interim guidance for managerial oversight of timely and appropriate lien determinations. Please ensure this information is distributed to all affected leadership staff. These guidelines will become effective January 1, 2009.

The IRS agreed to a recommendation from the July 2008 GAO Report to Congressional Committees regarding Federal employment taxes to expeditiously file a NFTL against property as soon as possible after employment tax debt is identified and ensure liens are filed on businesses with unpaid employment taxes.

The NFTL should be filed at the earliest possible moment under current procedures. In Collection Field function (CFf) this may not happen when the revenue officer (RO) does not meet the guidelines for making a lien determination within 10 days of the required initial contact attempt. Most employment tax cases require the initial contact attempt within 30 days of assignment to the RO and all other employment tax cases require an initial contact attempt within 45 days of assignment to the RO. The following guidance will ensure managerial oversight to catch those employment tax modules that should have a NFTL filing.

1. On a monthly basis, group managers will use the Entity system to monitor all cases with outstanding employment tax returns greater than \$5,000 that do not have a lien filing or the normal lien determination period has been extended.
 - A modular ENTITY query in **Module Management** titled **BMF Lien Query (Employment Tax)** has been developed to show all employment tax modules without a lien filing greater than \$5,000 assigned to the RO for more than 45 days.

- A modular ENTITY report in **Reports-Module Reports** titled **Module Lien Report** exists to show all modules (including employment tax modules) without a lien filing assigned to the RO for more than 45 days.
2. On a monthly basis, territory managers will run reports using the Entity system to monitor trends of all cases with outstanding employment tax returns greater than \$5,000 that do not have a lien filing or the normal lien determination period has been extended. Trends should be reviewed on a quarterly basis and more frequently if specific concerns exist.
 3. In the GM operational review, the territory manager should consider including a review to ensure the GM is accurately approving any lien non-filing or deferral for employment tax cases. The review should also ensure the GM is securing TM approval of all lien determinations to not file the lien on a case with 10 or more employment tax quarters, defer lien filing on a case with 10 or more employment tax quarters, or defer lien filing on any case more than 120 days from TP contact.

These procedures will be incorporated into IRM 1.4.50, Managerial Handbook. If you have any questions, please feel free to contact me, or a member of your staff may contact Alan Gilds, Program Analyst.

cc: www.irs.gov